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C O N F I D E N T I A L SECTION 01 OF 04 PRETORIA 002294

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SUBJECT: ANC POLICY CONFERENCE TO SET STAGE FOR PARTY
ELECTION

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Classified By: Deputy Chief of Mission Donald Teitelbaum. Reasons 1.4
(b) and (d).

11. (C) SUMMARY. The African National Congress (ANC) begins its four-day national policy conference on 27 June, ostensibly thrashing out the party's policy direction over the next decade against the backdrop of a fierce succession struggle. The conference has been portrayed by the media and the left as "a battle for the soul of the ANC." The reality is probably more mundane. The days of purely philosophical debates divorced from personalities, self-interests, or international economic realities, are gone as the party evolves from a liberation movement to a governing political party. Instead, the 1,500 elite and semi-elite delegates are likely to argue about bread-and-butter policies, like free education and income grants, and about pure political power, like executive term limits and appointment authority. Underlying every argument, however, will be the efforts by factions to advance their particular interests, constituency, and preferred candidates for ANC president in December 2007.
END SUMMARY.

CONFERENCE MECHANICS

12. (C) The ANC will hold its policy conference at Gallagher Estates near Johannesburg from 27-30 June 2007. Around 1,500 card-carrying delegates have been carefully chosen to attend the much sought after event. Ruling tripartite coalition members South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU) will have about 25 delegates each, though the fact that many ANC members are also members of COSATU or SACP will increase their numbers when it comes to critical votes. At the end of the conference, delegates will decide on draft resolutions, which will then be considered and voted on at the ANC National Conference in December in Polokwane, Limpopo.

13. (C) Draft discussion documents (found at www.anc.org.za), which were meant to generate thoughtful debate within the party by laying out arguments for and against salient issues, have been widely circulating for months, giving all ANC members time to debate and reflect upon policies. For the most part, the discussion documents were written by core Mbeki supporters, led by Presidential advisor Joel Netshitenzhe, and distributed with Mbeki's approval. The documents extol the party's noble history at length and have been widely criticized by both academics and think tank

analysts as reaffirming current "dogma," irrelevant to the poor, too technocratic, and dependent on a very thin layer of democratic participation. PolOff attended a roundtable event on 19 June at the Center for Policy Studies (CPS), where political analyst Sipho Seepe summed up the discussion documents by arguing that "opposing apartheid was easy, but grappling with the intellectual challenges imposed by the complexity of governing, the corrupting culture of power, personal interests, and accompanying moral and political decadence cannot be wished away by appeals to the ANC's glorious past."

POTENTIAL WATERSHED RESOLUTIONS

14. (C) The most contentious debates are likely to focus on whether ANC economic policy should shift to the left, whether the ANC party president should automatically be the state president (the "two centers of power" debate), whether party presidential powers should be restricted, and whether the National Executive Committee (NEC) membership and influence should be expanded.

Economic Policy

Most analysts agree that overall, ANC centrist macroeconomic policies are here to stay. Though the ANC has increasingly embraced the idea of a "democratic developmental state," in which the state plays a more active role in promoting economic growth in order to reduce poverty, labor unions and the left continue to argue that this is not enough. While South Africa has a burgeoning black-middle class, it also continues to have one of the highest rates of inequality in the world. CPS roundtable participants Professor Devan Pillay and Hein Marais called the ANC's pro-poor philosophy

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"schizophrenic in practice," pointing out that there appear to be "deserving poor" (i.e., child-headed households under the age of 14) and "undeserving poor" (i.e., able-bodied men and women). They also argued that this notion contradicts the party's pro-poor ideology and the document's own figures that note that 35% of South Africans are unemployed and that 33% live in poverty (defined as living on less than USD 1.50 per day). The conference will debate the expansion of welfare grants and affordable housing and medicines, as well as Black Economic Empowerment programs, investment in workers, unemployment, and racial quotas, all in the shadow of the unresolved public sector labor strike.

Two Centers of Power

Though not on the official agenda, the conference will likely grapple with whether the party can or should have a party president who is not president of the country. Labeled the "two centers of power" debate, this has arisen precisely because of the ambiguity Mbeki has created by not declaring his widely-believed intention to run again as ANC president. In some respects, the argument is illogical in that there are already many centers of power. For example, South Africa's Deputy President holds no official position in the party, while the ANC secretary general holds no official position in government. Moreover, unless the party aligns ANC elections with national elections, which are now two years apart, there will always be a period of two centers of power. (NOTE: The SA Constitution provides a limit of two terms for the state president; but ANC party rules make no reference to ANC presidential term limits. END NOTE)

The argument is also short-sighted in that the current succession battle between Mbeki and Zuma could result in a policy that restricts the role of future leaders, who may not be as contentious, and rests on the assumption that the ANC

will always be monolithic and have an electoral majority that will guarantee it will be in power in perpetuity. As of the beginning of the conference, only Eastern Cape (Mbeki's home province) has come out in defense of the two centers of power argument (i.e., they would like Mbeki to stay on as party president for another five years). Five other provinces have said they disagree and want only one person to concurrently represent both the party and the state, a stance which is widely viewed as anti-Mbeki. The remaining three provinces have yet to express an opinion. (NOTE: While many view these as simply pro- or anti-Mbeki votes, Post believes the issue is much more complex. We believe Mbeki may be trying to prepare the ground for a compromise, in which he would stay on as party president until 2009. An extra two years would guarantee that Mbeki would not face lame-duck status and also give him (or rivals) time to choose a successor. END NOTE)

Taking Back Party Power

Discussion documents also recommend strengthening oversight powers of the party, which is central to the ongoing debate within the ANC about whether the party should determine state policy or whether the state president has authority independent of the party. The first recommendation is to centralize party power in the hands of the party's secretary general, who would assume responsibility for "the entire headquarters machinery." As a result, all departments would report to the secretary general on the implementation of the party's programs. What is unsaid is that party power would be transferred from the Union Building, where President Mbeki sits, back to Luthuli House, ANC Headquarters. President Mbeki's power to appoint Ministers, provincial premiers, and executive mayors will also be debated. Though presidential power to appoint is not specifically discussed in policy documents, they do say that in terms of the deployment process, "the key must be to strengthen the oversight role of the leadership of the ANC." (NOTE: Mbeki's power to appoint was hotly debated at the ANC National General Conference in 2005, when delegates tried unsuccessfully to strip Mbeki of this power. Delegates in favor of this were not completely disappointed since they forced Mbeki to reappoint Zuma as Deputy President during the conference. Delegates also agreed that the motion would be held over to this week's National Policy Conference. END NOTE)

Expanding NEC

Policy documents have proposed expanding the membership of the NEC, which is the party's highest decision-making body

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within the party, based on a quota system to ensure greater representation of COSATU, SACP, youth, women, and provincial and local leaders. Currently, 34 percent of the NEC are women (20 members). Past ANC conferences have rejected a 50/50 gender representation, arguing that the party was not ready. Both Mbeki, who has been true to his word about achieving a more equal gender balance in government (whether for calculated reasons or not), and the ANC Women's League will be pressing hard for such a resolution, but are likely to come against stiff resistance from other groups.

LESS CONTENTIOUS, BUT NO LESS IMPORTANT

15. (C) In addition to the more contentious issues above, the documents also discuss floor crossing, the current electoral system, judicial transformation, and ANC deployment. Not surprisingly, policy documents either clearly or subtly come out in favor of policies that further entrench party power.

-- Policy documents lay out arguments for and against floor-crossing (from which the ANC has overwhelmingly

benefited), but ultimately argue for "keeping it with adjustments." The documents note that the ANC should develop a policy on "what type of public representative it accepts as well as a systematic training policy...to better integrate them into the party." This is likely in response to the unease some ANC members feel about floor-crossing; many are uncomfortable because they feel it allows those who were opposed to the ANC to switch allegiances for political expediency, rather than a change of ideology. The documents also acknowledge that it would be the only party supporting floor-crossing when the matter is debated in the National Assembly.

-- Documents also recommend keeping the current electoral system, which depends on party lists, rather than adopting a mixed electoral system, which was recommended by South Africa's Electoral Task Team in 2003. (COMMENT: It is probably unrealistic to ask delegates who have already benefited or plan to benefit from party list structures to objectively examine such a system. END COMMENT)

-- The documents also resuscitate the controversial recommendation that the Justice Minister, rather than the judiciary, be responsible for "policy and budgeting for courts and all matters relating to the administration of justice." Critics, many of whom are High Court judges, argue that this violates the constitution and undermines the separation of powers.

-- Several documents also talk about "ANC deployment." The Strategy and Tactics Document calls for ANC cadres to be deployed to "all centers of power," including state institutions, which blurs the line between state and party. The Strategic Agenda for Organisational Review also argues that ANC party structures should be integrated with governance structures, pitting the party as an equal counterpart to the state.

COMMENT

16. (C) The National Policy Conference marks an important time in the party's transition, which has until recently been able to paper over its ideological inconsistencies, sharp personality differences, and competing visions of South Africa. The stakes for party control have never been higher, forcing the party into uncharted territory of disputed leadership. Mbeki is an exceptional politician and tactician, but faces an array of forces who resent his leadership style, business-friendly economic policies, and transfer of power from the ANC to the government.

17. (C) We believe Mbeki is underestimated by his opponents and that he is maneuvering for a third term as party president to avoid becoming a lame duck. He may well offer to step down as party president after two years in 2009 to harmonize the terms of the party and national presidencies, mollifying the five provinces that oppose the "two centers of power." Mbeki's ability to retain the party presidency and hand pick his successor as national president will largely determine whether he is able to keep the party moving toward his vision of a neoliberal economic and internationalist state as opposed to one which could evolve into a more populist, interventionist state.

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